

GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE SUPPLEMENTAL LEASE AGREEMENT	SUPPLEMENTAL AGREEMENT NO: 3	DATE:
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TO LEASE NO. LSD14322

**ADDRESS OF PREMISES: 2350 Sophia Court
Rapid City, SD 57702**

THIS AGREEMENT, made and entered into this date by and between **SBC ARCHWAY VII, LLC**
whose address is: **6161 S SYRACUSE WAY, SUITE 330
GREENWOOD VILLAGE, CO 80111-4755**

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

WHEREAS, the parties hereto desires to amend the above lease, to establish the start date of the lease, include the change orders for the agency's portion of security costs under tenant improvement costs, and provide for payment of approved tenant improvements.

NOW THEREFORE, the parties hereinafter mentioned covenant and agree that the said

Lease is amended,	Effective May 1, 2012	as follows:
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The following paragraphs 2, 3, 7, 7(a), 8 and 15 are hereby deleted and replaced with the following, Paragraphs 16 and 17 are hereby added to the lease:

2. TO HAVE AND TO HOLD the Premises with their appurtenances for the term beginning on May 1, 2012 through April 30, 2022, subject to termination rights as may be hereinafter set forth.

3. Annual Rent: The Government shall pay the Lessor Annual Rent as follows:

For Years one through Five, of \$956,595.18 or \$33.80 per Rentable Square Foot, at the rate of \$79,716.27 per month in arrears. For Years 6-10 The Government shall pay the lessor annual rent in the amount of \$939,361.61 or \$33.19 per Rentable Square Foot at the rate of \$78,280.14 per month in arrears for a lesser period shall be prorated.

Annual Rent consists of the following elements and shall be paid per the following table:

- For Months 1 – 3, Free Rent shall be applied to Shell, Real Estate Taxes and Operating Rent only. Rent payments for these first three months shall be paid in the amount of \$43,808.07 which covers Amortization of TIs, and BSAC costs only.

- For Months 4 – 60, Annual Rent of \$956,595.18 at the rate of \$79,716.27 per month in arrears. Annual rent is inclusive on the following rent breakdown:

Rent Breakdown (Years 1-5)	Annual Rent	Monthly Rent
Shell Rent	\$600,185.36	\$50,015.44
Real Estate Taxes	\$ 37,979.64	\$ 3,164.97
Operating Costs	\$143,198.00	\$11,933.17
Amortization of TI	\$122,789.12	\$10,232.43
Amortization of BSAC*	\$ 52,443.06	\$ 4,370.26
Full Service Rent	\$956,595.18	\$79,716.27

*Building Specific Amortized Security Costs

- For Months 61 –120, Annual Rent of \$939,361.61 at the rate of \$78,280.14 per month in arrears. Annual rent is inclusive on the following rent breakdown:

Rent Breakdown (Years 6-10)	Annual Rent	Monthly Rent
Shell Rent	\$600,185.36	\$50,015.44
Real Estate Taxes	\$ 37,979.64	\$ 3,164.97
Operating Cost	\$143,198.00	\$11,933.17
Amortization of TI	\$105,555.55	\$ 8,796.30
Amortization of BSAC*	\$ 52,443.06	\$ 4,370.26
Full Service Rent	\$939,361.61	\$78,280.14

*Building Specific Amortized Security Costs

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- Rent for a lesser period shall be prorated. Rent checks shall be made payable to:
SBC ARCHWAY VII, LLC
6161 S SYRACUSE WAY, SUITE 330
GREENWOOD VILLAGE, CO 80111-4755

7. The tenant build out will conform to the specifications in the Lease and all attachments, and are to be provided by the Lessor as part of the total rental payment. In accordance with Paragraph 3.3(A)(2) of the Lease, all Tenant Improvements required by the Government for occupancy must be performed by the successful Offeror as part of the rental consideration, subject to price adjustments as discussed in the paragraph entitled, "ADJUSTMENTS TO OFFERED PRICES PRIOR TO PRESENT VALUE EVALUATION (MAR 2006). The Lessor agrees to provide \$2,353,147.81 toward the cost of the Tenant Improvements. The Government elects to pay the tenant build-out of \$1,510,517.56 via lump sum payment upon space acceptance. The balance of \$842,630.25 shall be amortized through the lease as follows: \$73,135.85 over a 60 month term at a rate of 6.65% compounded annually, and; \$769,494.40 over a 120 month term at a rate of 6.65% compounded annually. In the event the Tenant Improvement Cost is less than the amount provided above, the Lessor agrees to refund such difference in the form of reduction of base rent using a 6.65% amortization rate. The refund will be a credit of the rent equally spread out throughout the initial five (5) years of lease term. In the event that the Tenant Improvement Cost is greater than the amount provided above, Lessor agrees to amortize the additional cost at 6.65% throughout the initial ten (10) years of lease term, or the Government may choose to pay lump sum for any part of the Tenant Improvement Cost. The Government and Lessor must agree on any additional Tenant Improvement Cost through a Supplemental Lease Agreement.

7(a). Amortized Tenant Improvements: \$842,630.25 shall be amortized through the lease as follows: \$73,135.85 over a 60 month term (5 years) at a rate of 6.65% compounded annually, and; \$769,494.40 over a 120 month term (10 years) at a rate of 6.65% compounded annually. The total annual amount for years one through five that shall be paid through the rent is \$122,789.12 to be paid monthly at a rate of \$10,232.43. the total annual amount for years 6 - 10 that shall be paid through the rent is \$105,555.55 to be paid monthly at a rate of \$8,796.30

8. Building Security Amortized Security Costs (BSAC) of \$382,307.14 (based upon \$13.5090 per ANSI/BOMA rentable square foot) shall be amortized through the rent for ten (10) years (120 months total) at an annual rate of 6.65%. The annual cost to be included in the total annual rent is \$52,443.06 to be paid monthly at a rate of \$4,370.26.

15. Commission and Commission Credit: The Lessor and the Broker have agreed to a cooperating lease commission of [REDACTED] of the firm term value of this lease. The total amount of the commission is [REDACTED]. The Lessor shall pay the Broker no additional commissions associated with this lease transaction. In accordance with the "Broker Commission and Commission Credit" paragraph, the Broker has agreed to forego [REDACTED] of the commission that it is entitled to receive in connection with this lease transaction ("Commission Credit"). The Commission Credit is [REDACTED]. The Lessor agrees to pay the Commission less the Commission Credit to the Broker in accordance with the "Broker Commission and Commission Credit" paragraph in the SFO attached to and forming a part of this lease.

Notwithstanding Paragraph 3 of this Standard Form 2, the shell rental payments due and owing under this lease shall be reduced to fully recapture this Commission Credit. The reduction in shell rent shall commence with the first month of the rental payments and continue as indicated in this schedule for adjusted Monthly Rent:

Fourth Month's Rental Payment \$79,716.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fourth Month's Rent

Fifth Month's Rental Payment \$79,716.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Fifth Month's Rent

Sixth Month's Rental Payment \$79,716.27 minus prorated Commission Credit of [REDACTED] equals [REDACTED] adjusted Sixth Month's Rent

16. **CHANGES TO OVERALL TENANT IMPROVEMENTS; SECURITY PACKAGE and FFE WORK:** In accordance with Notice to Proceed dated December 20, 2011 (NTP NTE Security Backbone) costing in the full amount of \$65,436.23, Notice to Proceed dated January 24, 2012 (NTP Balance of security work - Security Hardware and Software Packages) in the amount of \$246,838.23, Notice to Proceed dated February 8, 2012 (NTP Light poles and associated work) in the amount of \$13,463.44, Notice to Proceed dated February 21, 2012 (NTP Remaining FFE work and Lockers to be installed) in the amount of \$41,980.08 these notices and changes are hereby incorporated into the Total Tenant Improvement amount as referenced under paragraph 7 of Supplemental Lease Agreement Number 3.

The total of these changes as referenced in this paragraph come to an amount of \$367,717.98. The changes included and accounted for as a portion of the total amount of tenant improvements referenced in Paragraph 7 and are paid under the provisions of paragraph 17 below of this SLA Number 3 to Lease Number LSD14322.

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17. **TENANT IMPROVEMENT PAYMENT:** In conjunction with paragraphs 7 and 16 of the SF-2, as amended under SLA 3 and of the lease, and based upon finalized quotes provided by the lessor and approvals given by the government, the government agrees to reimburse the Lessor in an amount of **\$1,510,517.56** upon **completion of the work, inspection, and acceptance** of the above described work items by the Government, Supplemental Lease Agreement Number 3 signed by both parties, and upon receipt of an **acceptable Itemized invoice** by the Lessor. In no event shall payment be made prior to the delivery date for the work. Payment will be made for those items that are newly installed, based on the referenced plans, negotiated and agreed upon costs between GSA and SBC Archway VII, LLC. Any other changes to the scope of work, or any increases in the price, shall be approved in writing by the GSA Contracting Officer.

Payment will be made for those items that are newly installed, based on the above negotiated and agreed upon cost. Payment shall be forwarded to the above named Vendor. The Vendor receiving payment shall issue the invoice. The Invoice shall include a unique invoice number and cite the following **PDN Number PS 0023477**. (Invoices submitted without the PDN Number are immediately returned to the Vendor). Invoices shall be submitted to the Greater Southwestern Finance Center (with a copy to the Contracting Officer) electronically on the GSA Finance Website at www.finance.gsa.gov. Vendors who are unable to process the invoices electronically may mail the invoices to the following address: GSA, Greater Southwestern Finance Center (7BCP), P.O. Box 17181, Fort Worth, TX 76102.

The Lessor shall remain responsible for maintenance and repair of items provided as a result of approved Requests for Proposals during construction of the Tenant Improvements throughout the term of the lease with the exception of the generator, and the Government's access control system and CCTV system. If maintenance for the security system and the generator are assumed by the Lessor in the future, it will be handled under a separate supplemental lease agreement. The Lessor waives any restoration in connection with these items."

The Lessor Hereby Waives Restoration

All other terms and conditions of the lease shall remain in force and effect.

IN WITNESS WHEREOF, the parties subscribed their names as of the above date.

LESSOR: SBC

IN PRESENCE

MANAGING MEMBER

UNITED BUILDING

BY

ADMINISTRATION, ROCKY MOUNTAIN REGION, PUBLIC R.

CONTRACTING OFFICER
(Official Title)